

FILED

STATE OF NORTH CAROLINA

IN THE GENERAL COURT OF JUSTICE

WAKE COUNTY

2018 JUL 19 PM 2:04

SUPERIOR COURT DIVISION

14 CVS 009180

WAKE CO., C.S.C.

STATE OF NORTH CAROLINA, ex rel. _____)

JOSH STEIN, Attorney General,)

Plaintiff,)

v.)

AMERICAN KITCHEN)

CORPORATION, ROBERT SELFORS,)

TYLER JUSTIN SHEETS.)

Defendants.)

CONSENT JUDGMENT

and

PERMANENT INJUNCTION

**(Defendant American Kitchen and
Defendant Tyler Sheets)**

THIS CAUSE came on to be heard and was heard before the undersigned Wake County Superior Court Judge for entry of a Consent Judgment between Plaintiff, State of North Carolina, by and through its Attorney General, and defendants Tyler Sheets and American Kitchen Corporation, represented by attorney Steven Taylor. The Court finds the parties have resolved the matters in controversy between them and have agreed to the entry of this Consent Judgment ("Consent Judgment") by the Court without trial or adjudication of any issue of fact or law, and without finding or admission of wrongdoing or liability of any kind.

I. FINDINGS OF FACT

1. Plaintiff State of North Carolina is acting through its Attorney General, Josh Stein, pursuant to authority granted in Chapters 75 and 114 of the North Carolina General Statutes to protect the consuming public from unlawful business practices.

2. At all times relevant to this action, defendant American Kitchen Corporation ("defendant American Kitchen") operated as a kitchen remodeling business in North Carolina.

3. Defendant Tyler Sheets (“defendant Sheets”) was the owner of defendant American Kitchen Corporation.

4. Plaintiff filed its Complaint in this cause on July 14, 2014.

5. The Complaint was properly served on defendants Sheets and American Kitchen July 16, 2014.

6. On October 13, 2014, default was entered against defendants Sheets and American Kitchen for failure to answer or otherwise respond to the Complaint.

7. The State alleges that defendants Sheets and American Kitchen violated the Unfair and Deceptive Trade Practices Act, N.C. Gen. Stat. § 75-1.1, *et seq.*, by knowingly devising and operating a now-defunct kitchen remodeling business that required substantial advance deposits and an ever increasing number of new customers in order to finance the salaries and operating expenses of defendants, and to pay contractors and suppliers of pre-existing customers, leaving the newest customers high and dry in a business model that was not unlike a Ponzi scheme.

8. The State further alleges that the foregoing conduct by defendants was in or affecting commerce within the meaning of N.C. Gen. Stat. § 75-1.1, and had a substantial and negative impact thereon.

9. On July 6, 2015, defendant Sheets and his wife, Michelle Sheets, filed a Chapter 7 voluntary petition in the United States Bankruptcy Court Middle District of North Carolina (Case No. 15-10600; hereafter “the Sheets bankruptcy”).

10. By order of the bankruptcy court, 28 consumers who filed Proofs of Claim in the Sheets bankruptcy received a total of \$11,619.96 as a portion of their priority claims under 11 U.S.C. § 507(a)(7).

11. Plaintiff did not file an objection to the dischargeability of any of defendant Sheets' debts or to defendant Sheets obtaining a discharge in the Sheet bankruptcy.

12. On November 24, 2015, the bankruptcy court issued an order discharging all defendant Sheets' debts.

13. By entering into this Consent Judgment, defendants Sheets and American Kitchen are requesting a resolution to this controversy without further proceedings and agree to the entry of this Consent Judgment.

14. Defendant Sheets attests he submitted Responses to Plaintiff's First Set of Interrogatories and First Request for Production of Documents to the best of his knowledge and, based upon its records, provided an accurate accounting of consumers' who entered into contracts for services, the amount each consumer paid American Kitchen for the contracted services, and copies of all business records in his possession; and defendant Sheets acknowledges that a material part of the consideration for the Plaintiff's consent to this Judgment is based on defendant Sheets' foregoing attestation.

II. CONCLUSIONS OF LAW

15. This Court has jurisdiction over the parties and the subject matter of this action.

16. Entry of this Consent Judgment is just and proper and in the public interest.

17. Plaintiff's Complaint states a cause of action against defendants American Kitchen and Sheets upon which relief may be granted, and the Court finds good and sufficient cause to adopt this agreement of the parties and these findings of fact and conclusions of law as its determination of their respective rights and obligations and for entry of this Consent Judgment.

III. PERMANENT INJUNCTION

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED, with the consent of the parties and pursuant to N.C. Gen. Stat. § 75-14, that

18. Defendants Sheets and American Kitchen and their officers, agents, servants, and employees, and any person acting under the actual direction or control of defendants Sheets and American Kitchen, are hereby permanently restrained and enjoined from engaging in acts and practices prohibited by North Carolina's Unfair and Deceptive Trade Practices Act; performing or offering to perform home improvement work including home kitchen installation, remodeling, and/or repairs for North Carolina consumers; or collecting money from consumers for home kitchen installation, remodeling, and/or repairs. This does not prohibit defendant Sheets from being gainfully employed by a licensed general contractor so long as defendant Sheets is not engaged in advertising, offering, soliciting or entering into agreements with consumers inside the State of North Carolina for the purpose of performing home improvement work; or accepting advance payment from consumers for any home improvement work. Further, this injunction does not prohibit defendant Sheets from acting as an agent or employee of an entity (either an individual or organization) that principally sells materials to individuals or organizations doing home improvements provided that the payments for such sales are to be paid directly to the individual or organization selling the materials.

IV. MISCELLANEOUS

19. Regulation of Other Conduct. Nothing in this Consent Judgment is intended to relieve defendants of their responsibility to comply with all applicable North Carolina laws.

20. Other State Governmental Entities. This Consent Judgment shall not bind any other offices, boards, commissions, or agencies of the State of North Carolina.

21. Retention of Jurisdiction. The Court retains jurisdiction over this action to take any further action deemed necessary to enforce this Consent Judgment, including imposition of penalties, and to award the State judgments for any costs, including attorney's fees, it incurs in the event of noncompliance by any of the defendants.

22. Release of Claims. This Consent Judgment shall fully resolve all legal claims and issues raised in the Complaint as to defendants Sheets and American Kitchen only for their activities up to the date of this Consent Judgment, and is entered without prejudice to Plaintiff's rights, claims, or actions against defendant Robert Selfors ("defendant Selfors"), and all such rights, claims, or actions against defendant Selfors are expressly reserved.

SO ORDERED, this 16 day of July, 2018.



SUPERIOR COURT JUDGE

[CONSENTS FOLLOW ON NEXT PAGE]

The parties, by and through, their respective counsel, hereby consent to the terms and conditions of the Consent Judgment as set forth above, and consent to the entry thereof.

**STATE OF NORTH CAROLINA, ex rel.
JOSH STEIN, ATTORNEY GENERAL**



Steven Taylor
Attorney for Defendants
Tyler Sheets and American Kitchen
Corporation

Daniel P. Mosteller
Special Deputy Attorney General

Tyler Sheets

STATE OF NORTH CAROLINA

COUNTY OF _____

Sworn to (or affirmed) and subscribed before me this the ____ day of _____, 2018.

(Signature of Notary Public)

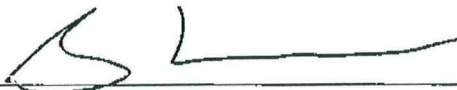
(Printed Name of Notary Public)

My commission expires: _____

(seal)


The parties, by and through, their respective counsel, hereby consent to the terms and conditions of the Consent Judgment as set forth above, and consent to the entry thereof.

STATE OF NORTH CAROLINA, ex rel.
JOSH STEIN, ATTORNEY GENERAL



Steven Taylor
Attorney for Defendants
Tyler Sheets and American Kitchen
Corporation

Daniel P. Mosteller
Special Deputy Attorney General

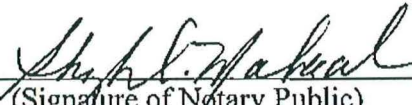


Tyler Sheets

STATE OF NORTH CAROLINA

COUNTY OF Alamance

Sworn to (or affirmed) and subscribed before me this the 16 day of April, 2018.



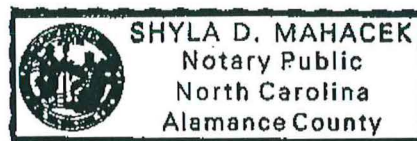
(Signature of Notary Public)

SHYLA D. MAHACEK

(Printed Name of Notary Public)

My commission expires: 6-11-22

(seal)



FILED

STATE OF NORTH CAROLINA IN THE GENERAL COURT OF JUSTICE
WAKE COUNTY SUPERIOR COURT DIVISION
14 CVS 009180
WAKE CO., C.S.C.

RY
STATE OF NORTH CAROLINA, ex rel.)
JOSH STEIN, Attorney General,)
)
Plaintiff,)
)
v.) **CONSENT JUDGMENT**
) **and**
) **PERMANENT INJUNCTION**
AMERICAN KITCHEN) **(Defendant Robert Selfors)**
CORPORATION, ROBERT SELFORS,)
TYLER JUSTIN SHEETS,)
)
Defendants.)
)

THIS CAUSE came on to be heard and was heard before the undersigned Wake County Superior Court Judge for entry of a Consent Judgment between Plaintiff, State of North Carolina, by and through its Attorney General, and defendant Robert Selfors ("defendant Selfors"), who appears *pro se*. The Court finds the parties have resolved the matters in controversy between them and have agreed to the entry of this Consent Judgment ("Consent Judgment") by the Court without trial or adjudication of any issue of fact or law, and without finding or admission of wrongdoing or liability of any kind.

I. FINDINGS OF FACT

1. Plaintiff State of North Carolina is acting through its Attorney General, Josh Stein, pursuant to authority granted in Chapters 75 and 114 of the North Carolina General Statutes to protect the consuming public from unlawful business practices.

2. At all times relevant to this action, defendant American Kitchen Corporation ("defendant American Kitchen") operated as a kitchen remodeling business in North Carolina.

3. Defendant Selfors was a *de facto* manager of defendant American Kitchen.
4. Plaintiff filed its Complaint in this cause on July 14, 2014.
5. The Complaint was properly served on defendant Selfors on or about July 15, 2014.
6. The State alleges that defendants violated the Unfair and Deceptive Trade Practices Act, N.C. Gen. Stat. § 75-1.1, *et seq.*, by knowingly devising and operating a now-defunct kitchen remodeling business that required substantial advance deposits and an ever increasing number of new customers in order to finance the salaries and operating expenses of defendants, and to pay contractors and suppliers of pre-existing customers, leaving the newest customers high and dry.
7. The State further alleges that the foregoing conduct by defendants was in or affecting commerce within the meaning of N.C. Gen. Stat. § 75-1.1, and had a substantial and negative impact thereon.
8. On or about September 9, 2014, defendant Selfors filed an Answer to the Complaint, denying all of the Plaintiff's allegations above.
9. By entering into this Consent Judgment, the parties desire to resolve this controversy without further proceedings and agree to the entry of this Consent Judgment.
10. Defendant Selfors acknowledges that he has had sufficient opportunity to retain counsel to represent him in the negotiation and execution of this Consent Judgment but has chosen to represent himself. Defendant Selfors further acknowledges that his consent hereto is voluntarily rendered.

II. CONCLUSIONS OF LAW

11. This Court has jurisdiction over the parties and the subject matter of this action.

12. Entry of this Consent Judgment is just and proper and in the public interest.

13. Plaintiff's Complaint states a cause of action against defendant Selfors upon which relief may be granted, and the Court finds good and sufficient cause to adopt this agreement of the parties and these findings of fact and conclusions of law as its determination of their respective rights and obligations and for entry of this Consent Judgment.

III. PERMANENT INJUNCTION

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED, with the consent of the parties and pursuant to N.C. Gen. Stat. § 75-14, that

14. Defendant Selfors and his officers, agents, servants, employees, and attorneys, and any person acting under the actual direction or control of defendant Selfors, are hereby permanently restrained and enjoined from engaging in acts and practices prohibited by North Carolina's Unfair and Deceptive Trade Practices Act; directly or indirectly performing or offering to perform home improvement work including home kitchen installation, remodeling, and/or repairs for North Carolina consumers; or collecting money from consumers for home kitchen installation, remodeling, and/or repairs.

IV. MONETARY JUDGMENT AND SUSPENSION

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED, with the consent of the parties and pursuant to N.C. Gen. Stat. § 75-8, § 75-15.1 and § 75-15.2, that:

15. Defendant Selfors shall pay to the plaintiff: 1) consumer restitution of \$600,255.86; and 2) a civil penalty of \$260,000.00, which represents \$5,000.00 for each of 52 separate violations of the Unfair and Deceptive Trade Practices Act. This monetary judgment of \$860,255.86 is suspended subject to the provisions below.

16. The suspension of the monetary judgment will be lifted as to defendant Selfors if, upon the plaintiff's motion, the Court finds that defendant Selfors has violated this Consent Judgment in any material way.

17. If the suspension of the monetary judgment is lifted, the judgment becomes immediately due as to defendant Selfors in the amount specified in this Section (which the parties stipulate only for purposes of this Section represents the amount of the restitution and civil penalty for the violations alleged in the Complaint).

V. MISCELLANEOUS

18. Regulation of Other Conduct. Nothing in this Consent Judgment is intended to relieve defendant Selfors of his responsibility to comply with all applicable North Carolina laws.

19. Other State Governmental Entities. This Consent Judgment shall not bind any other offices, boards, commissions, or agencies of the State of North Carolina.

20. Retention of Jurisdiction. The Court retains jurisdiction over this action to take any further action deemed necessary to enforce this Consent Judgment, including imposition of penalties, and to award the State judgments for any costs, including attorney's fees, it incurs in the event of noncompliance by defendant Selfors.

21. Release of Claims. This Consent Judgment shall fully resolve all legal claims and issues raised in the Complaint as to defendant Selfors only for his activities up to the date of this Consent Judgment, and is entered without prejudice to Plaintiff's rights, claims, or actions against defendants Tyler Sheets or American Kitchen, and all such rights, claims, or actions against defendants Tyler Sheets or American Kitchen are expressly reserved.

SO ORDERED, this 16 day of July, 2018.




SUPERIOR COURT JUDGE

[CONSENTS OF PARTIES FOLLOW ON NEXT PAGE]

The parties hereby consent to the terms and conditions of the Consent Judgment as set forth above, and consent to the entry thereof.

WE CONSENT:

**FOR THE STATE OF NORTH CAROLINA,
ex rel. ATTORNEY GENERAL JOSH STEIN**

By: 
Daniel P. Mosteller
Special Deputy Attorney General

Date: July 16, 2018

FOR ROBERT SELFORS

By: _____
Robert Selfors, *pro se*

Date: _____

STATE OF _____

COUNTY OF _____

Sworn to (or affirmed) and subscribed before me this the ____ day of _____, 2018.

(Signature of Notary Public)

(Printed Name of Notary Public)

My commission expires: _____

(seal)

The parties hereby consent to the terms and conditions of the Consent Judgment as set forth above, and consent to the entry thereof.

WE CONSENT:

**FOR THE STATE OF NORTH CAROLINA,
ex rel. ATTORNEY GENERAL JOSH STEIN**

By: _____
Daniel P. Mosteller
Special Deputy Attorney General

Date: _____

FOR ROBERT SELFORS

By: _____
Robert Selfors, *pro se*

Date: 7/14/18

STATE OF North Carolina
COUNTY OF Durham

Sworn to (or affirmed) and subscribed before me this the 14th day of July, 2018

September D. Oakley
Notary Public
Durham County, NC
My commission expires June 21, 2020

September D. Oakley
(Signature of Notary Public)
September D. Oakley
(Printed Name of Notary Public)

My commission expires June 21, 2020

DOJRAL-00046